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Thailand

Post: Bangkok

2010 Soybean Meal In-Quota Amount Unlimited; Tariff Reduced

Report Categories:

Trade Policy Monitoring

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Report Highlights:

TH9196 The Thai Cabinet agreed on December 22, 2009 to lift its cap on the in-quota amount of soybean meal quota and reduce tariff rates to 2 percent for 2010. Eight associations are eligible for the revised import in-quota amount but they are required to contract with relevant government agencies to purchase domestic soybean meal production derived from domestic soybeans at determined prices.

On December 22, 2009, the Thai Cabinet agreed to lift its cap on the in-quota amount of soybean meal quota for 2010 as proposed by the Committee on Oilseed and Vegetable Oil. In addition, in-quota imports under WTO will be subject to a 2 percent tariff rate, down from the current 4 percent. In-quota imports under trade agreements with ASEAN, Australia, New Zealand and Japan are subject to a zero tariff rate. Eight associations are eligible for this import quota but they are required to contract with relevant government agencies to purchase domestic soybean production at determined prices. The following are details on the Cabinet's decision:

1. An amount of import quota for soybean meal for 2010 is unlimited and not subject to any period of import window. The in-quota imports under WTO are subject to a two percent tariff rate as opposed to 119 percent for the out-of-quota imports. Thailand's commitment on WTO tariff-rate-quota (TRQ) is 230,559 tons, with 20 percent tariff rate for in-quota imports and 133 percent tariff rate for out-of-quota imports.

The Cabinet approved to grant import quota to 8 trade including: 1) Thai Feed Mill Association, 2) Thai Broiler Processing Exporters Association, 3) Broiler Raiser for Exporting Association, 4) Duck Raiser for Trade and Export Association, 5) Thai Livestock Association, 6) The Poultry Promotion Association of Thailand, 7) Feedstuff Users Promotion Association, and 8) The Swine Raisers Association of Thailand. A request of a new eligible importer will be reviewed and approved by Chairman of Committee on Food Policy.

Eligible importers must cooperate in purchasing domestic soybean meal derived from domestic soybean production at market prices but not lower than 10.90 baht/kg (approx. \$330/ton) at vegetable oil crushing factories. Eligible importers must sign a domestic soybean purchase contract with Ministry of Agriculture and Agricultural Cooperatives and Ministry of Commerce.

2. Under Thailand-ASEAN FTA, an amount of import quota for soybean meal for 2010 is unlimited and not subject to any period of import window. In-quota imports are subject to a zero tariff rate.

3. Under Thailand-Australia and Thailand-New Zealand FTAs, an amount of import quota for soybean meal for 2010 is unlimited and not subject to any period of import window. In-quota imports are subject to a zero tariff rate.

4. Under Japan-Thailand Economic Partnership Agreement (JTEPA), an amount of import quota for soybean meal for 2010 is unlimited and not subject to any period of import window. The in-quota imports are subject to a zero tariff rate.

5. Under ASEAN-Korea FTA, an amount of import quota for soybean meal for 2010 is unlimited and not subject to any period of import window. In-quota imports are subject to 6.67 percent tariff rate.

6. Any imports which do not fall in any category above are also subject to unlimited amount and no limit on an import window period, but will be charged a tariff of 6 percent plus a special charge of

2,519 baht/ton (approx. \$76/ton).

Despite the Cabinet's approval, the implementation of the policy will not be in place until Minister of Commerce endorses Ministerial Notification Concerning the Tariff Rate Quota (TRQ) for Soybean Meal Imports in 2010. According to an official in the Ministry of Commerce, the notification should be endorsed by December 31, 2009, the last day that the current 2009 import quota schedule would be valid.

End of report